DEPARTMENT OF ENVIRONMENT

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2007

SASKATCHEWAN

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Resource Protection and Development Revolving Fund as at March 31, 2007 and the statements of operations and accumulated operating surplus, and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 19, 2007

Fred Wendel, CMA, CA
Provincial Auditor

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
BALANCE SHEET
As at March 31

	2007	2006
ASSETS		
Current assets:		
Accounts receivable (Note 9)	$ 46,237	$ 41,487
Inventories	53,414	65,741
Prepaid expenses	49,082	49,345
	148,733	156,573
Non-current assets:		
Accumulated net recovery (Statement 3 and Note 9)	107,253	442,133
	$ 255,986	$ 598,706
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable (Note 9)	$ 118,549	$ 135,775
Unearned revenue (Note 5)	17,820	19,115
	136,369	154,890
Fund equity:		
Accumulated operating surplus (Statement 2)	119,617	443,816
	$ 255,986	$ 598,706

(See accompanying notes to the financial statements)

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
For the Year Ended March 31

	2007		2006
	Budget (Note 8)	Actual	Actual
Revenues:			
Radio communications	$ 1,360,000	$ 1,569,815	$ 1,585,249
Land access registration	50,000	4,823	13,214
	1,410,000	1,574,638	1,598,463
Expenses:			
Salaries and benefits	740,000	1,037,388	1,039,041
Contractual services	300,000	237,005	223,426
Materials and supplies	300,000	409,133	263,981
Travel and sustenance	60,000	58,722	59,565
Communications	—	252	587
Other	10,000	—	10,623
	1,410,000	1,742,500	1,597,223
Net (loss) income (Note 10)	$ —	(167,862)	1,240
Accumulated operating surplus, beginning of year		443,816	442,576
Transfer to General Revenue Fund (Note 4)		(156,337)	—
Accumulated operating surplus, end of year (Statement 1)		$ 119,617	$ 443,816

(See accompanying notes to the financial statements)

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY
For the Year Ended March 31

	2007	2006
Financing (required for) provided by operating activities:		
Net (loss) income	$ (167,862)	$ 1,240
Net (increase) decrease in working capital items related to operations (Note 6)	(10,681)	332,920
Net financing (required for) provided by operating activities	(178,543)	334,160
Net (increase) decrease in financing requirements	(178,543)	334,160
Accumulated net recovery, beginning of year	442,133	107,973
Transfer to General Revenue Fund (Note 4)	(156,337)	—
Accumulated net recovery, end of year (Statement 1)	$ 107,253	$ 442,133

(See accompanying notes to the financial statements)

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2007

1. Authority and Definition of Entity

The Resource Protection and Development Revolving Fund (Revolving Fund) operates under the authority of Section 19 of *The Natural Resources Act*. The purpose of the Revolving Fund is to provide resource protection and development services. The Department of Environment (Department) administers the Revolving Fund.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the statement of changes in accumulated net recovery and Note 6. The following accounting policies are considered significant:

a) Net financing requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from working capital changes and net cash flows from operations.

b) Accumulated net recovery

The accumulated net recovery of the Revolving Fund includes the net increase (decrease) in financing requirements for each fiscal year.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value. Inventories consist of radio components.

d) Revenue recognition

Revenue is recognized when services are rendered.

e) Use of estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Authorized Financing

Subsection 19(9) of *The Natural Resources Act* specifies that the maximum accumulated net expenditure, which may be outstanding at any time, will be set by order of the Lieutenant Governor in Council. A maximum amount of $5,500,000 was established by Order in Council 515/94.

4. Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus (deficit) for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. Treasury Board has specified $200,000 as the limit for the accumulated operating surplus (deficit) of the Revolving Fund. During the year the Revolving Fund paid $156,337 (2006 - $0) in accumulated operating surplus to the General Revenue Fund, which reflects the excess of the accumulated operating surplus of $356,337 as at March 31, 2005 over the $200,000 limit established by Treasury Board.

5. Unearned Revenue

Under *The Water Regulations*, 2002, the Department is required to collect a land access registration fee from applicants who wish to request access to certain lands for waste and water work operations. The Department is responsible to register this interest with Information Services Corporation once the Department has approved the application. Registration fees received are recorded as unearned revenue pending the approval of the application.

6. Net Change in Working Capital Items Related to Operations

	2007	2006
(Increase) decrease in accounts receivable	$ (4,750)	$ 237,027
Decrease in inventories	12,327	20,241
Decrease (increase) in prepaid expenses	263	(29)
(Decrease) increase in accounts payable	(17,226)	66,663
(Decrease) increase in unearned revenue	(1,295)	9,018
	$ (10,681)	$ 332,920

7. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and settled on normal trade terms. Rates charged by the Revolving Fund for services are calculated to recover costs incurred. These transactions, and amounts outstanding at year-end, are as follows:

Category	2007	2006
Revenues:		
Radio communications	$ 1,543,856	$ 1,568,312
Expenses:		
Contractual services	75,217	86,706
Materials and supplies	7,518	4,709
Travel and sustenance	38,372	42,962
Accounts receivable	38,914	40,565
Accounts payable	13,466	14,169

In addition, the Revolving Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Radio equipment owned by the Department is provided to the Revolving Fund at no cost. The Revolving Fund uses the radio equipment to provide services to the Department and other agencies for a rental fee. Included in radio communication revenue is $1,104,063 (2006 - $1,135,669) from the Department for rent and servicing of radio equipment.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

Other transactions with related parties and amounts to/from those parties are described separately in the financial statements and notes thereto.

8. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

9. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate or short-term nature, the fair value of these instruments approximates their carrying value.

The fair value of the accumulated net recovery has not been provided because it is not practicable to determine the fair value with sufficient reliability.

The Revolving Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable. Most receivables were received shortly after the year-end.

10. Amount Reported in Public Accounts

The net expense of the Revolving Fund reported in Public Accounts is the net income (loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2007	2006
Net (loss) income	$ (167,862)	$ 1,240
Transfer to General Revenue Fund	(156,337)	---
Decrease in inventory	12,327	20,241
Adjustment for capital items	---	(27,738)
Amounts included in Public Accounts due to timing	(1)	---
Net expense reported in Public Accounts	$ (311,873)	$ (6,257)

11. Subsequent Event

On April 1, 2007, the Revolving Fund transferred all assets and liabilities at book value to the Department. Assets valued at $255,986, liabilities valued at $136,369, and remaining fund equity of $119,617 were transferred. The Department plans to seek amendments to *The Natural Resources Act* to wind up the Revolving Fund.